

Staff Report 58

LESSEE:

Pacific Bell Telephone Company, a California Corporation, dba AT&T California

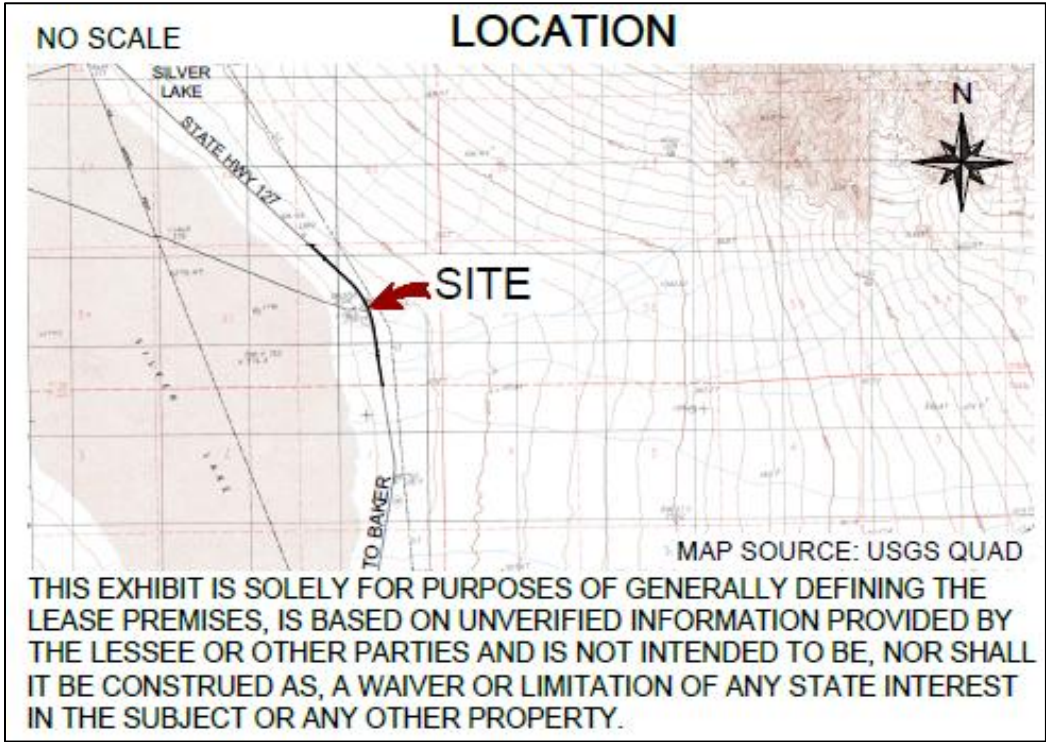
PROPOSED ACTION:

Revision of Rent and Increase of Financial Security – Right-of-Way Use.

AREA, LAND TYPE, AND LOCATION:

1.40 acres of State-owned school land within a portion of Section 36, Township 15 North, Range 8 East, San Bernardino Meridian, near the unincorporated community of Baker, San Bernardino County (as shown in Figure 1).

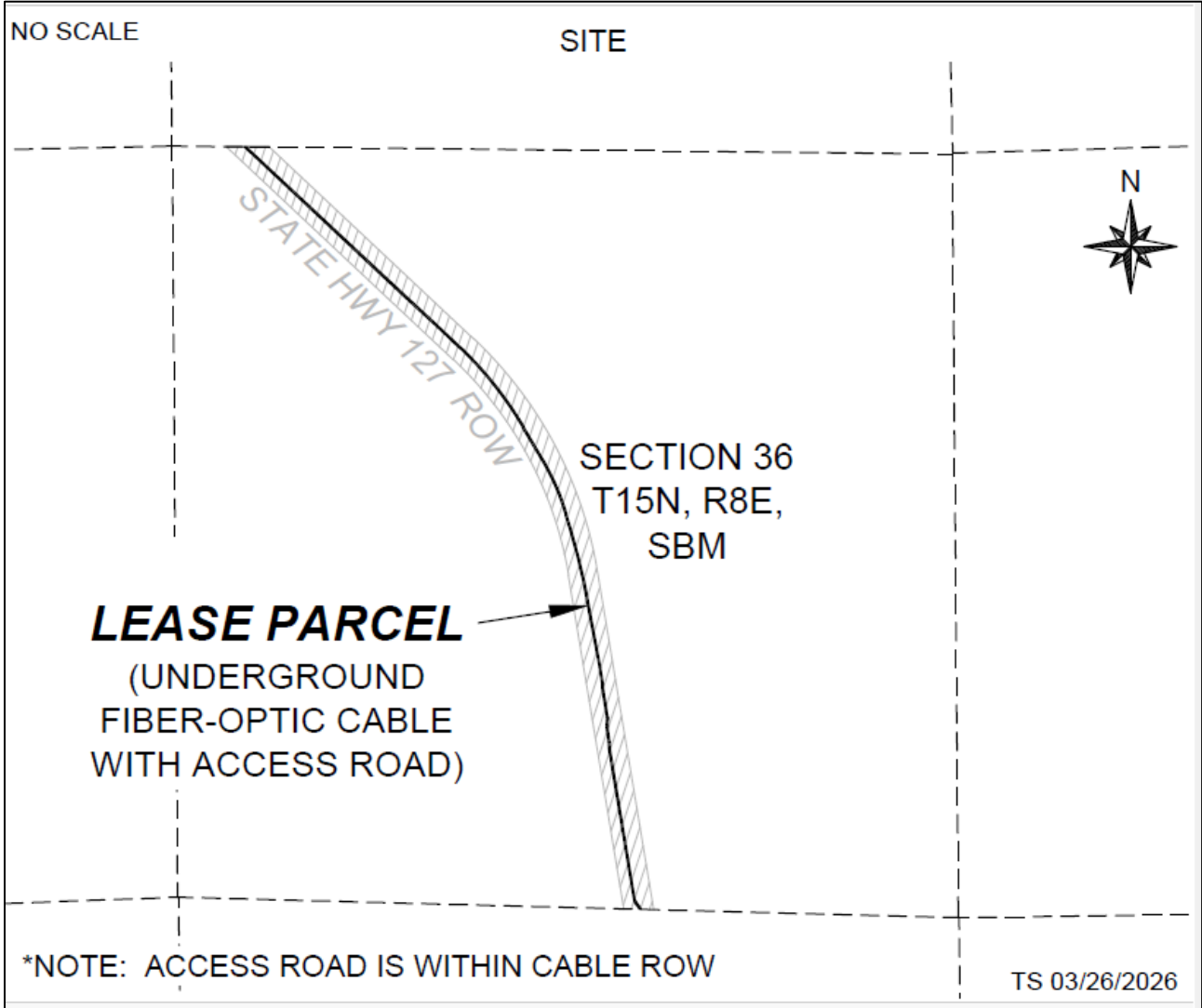
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of one fiber optic communication cable encased in one of three buried 1.5- inch-diameter high-density polyethylene fiber optic cable conduits, subsurface warning tape, marker posts, one buried access vault, and access road (as shown in Figure 2).

Figure 2. Site Map



NOTE: This depiction of the lease premises is based on unverified information provided by the Applicant or other parties and is not a waiver or limitation of any State interest in the subject or any other property.

TERM:

25 years, beginning June 28, 2016; ending June 27, 2041.

CONSIDERATION: \$1,374 per year, effective June 28, 2026 (see additional information in Background below).

BACKGROUND:

On June 28, 2016, the Commission authorized a General Lease, Right-of-Way Use to Pacific Bell Telephone Company dba AT&T for one fiber optic communication cable encased in one of three direct-buried 1.5- inch-diameter high-density polyethylene fiber optic cable conduits, subsurface warning tape, marker posts, one buried access vault, and an existing access road ([Item 81](#)).

Pursuant to the lease, the Commission retains the authority to periodically modify the rent and bond during the Lease term. In accordance with this provision, staff has conducted a review of the current rent. CPI was incorrectly applied to the pipeline diameter rent methodology in 2016. Staff recommends that the rent be reinstated to its original amount of \$1,374, effective June 28, 2026.

Through the authorized lease, the Commission requires a bond or security instrument to protect the interests of the State as it relates to compliance with all lease provisions, including restoration of the lease premises to its original condition. The lease currently requires a \$10,000 bond. Staff conducted a comprehensive review of the required bond amount for removal of all lease improvements and site restoration. Staff's review indicates that the existing bond amount is insufficient to cover the potential costs associated with the decommissioning of the authorized fiber optic facilities, including removal of all lease improvements and site restoration activities. Staff's analysis indicates that the recommended bond amount should be increased to \$103,000 to adequately cover the State's future potential liability. Liability insurance coverage remains at no less than \$2,000,000.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the revision of rent and bond is discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent and bond, it exercises legislatively delegated authority and responsibility as trustee of the state's public-school lands as authorized by law. The lessee has no right to a new lease or to renew a previous lease.
2. This action is consistent with addressing the challenges and opportunities described in the Commission's 2021-2025 Strategic Plan to "Embrace and

safeguard multi-benefit school lands and resource management stewardship that equitably balances responsible local and regional economic development, supports living wages, environmental protection, and revenue generation.”

3. Approving the revision of rent and bond is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, sections 15060, subdivision (c)(3), and 15378, subdivision (b)(5).

RECOMMENDED ACTION:

It is recommended that the Commission:

STATE’S BEST INTEREST:

Find that the proposed rent and bond revisions are in the best interests of the State.

AUTHORIZATION:

Approve the annual rent in the amount of \$1,374 and authorize an increase in the bond from \$10,000 to \$103,000, effective June 28, 2026.